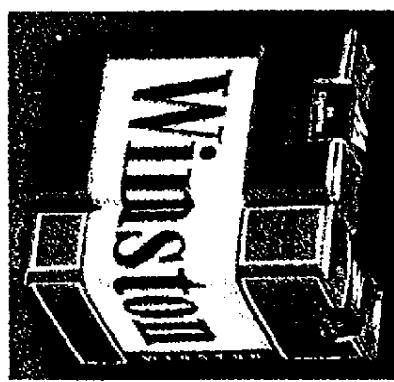


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# Pathmark Stores Inc.

## 1997 Business Review



*RJReynolds*  
Tobacco Company



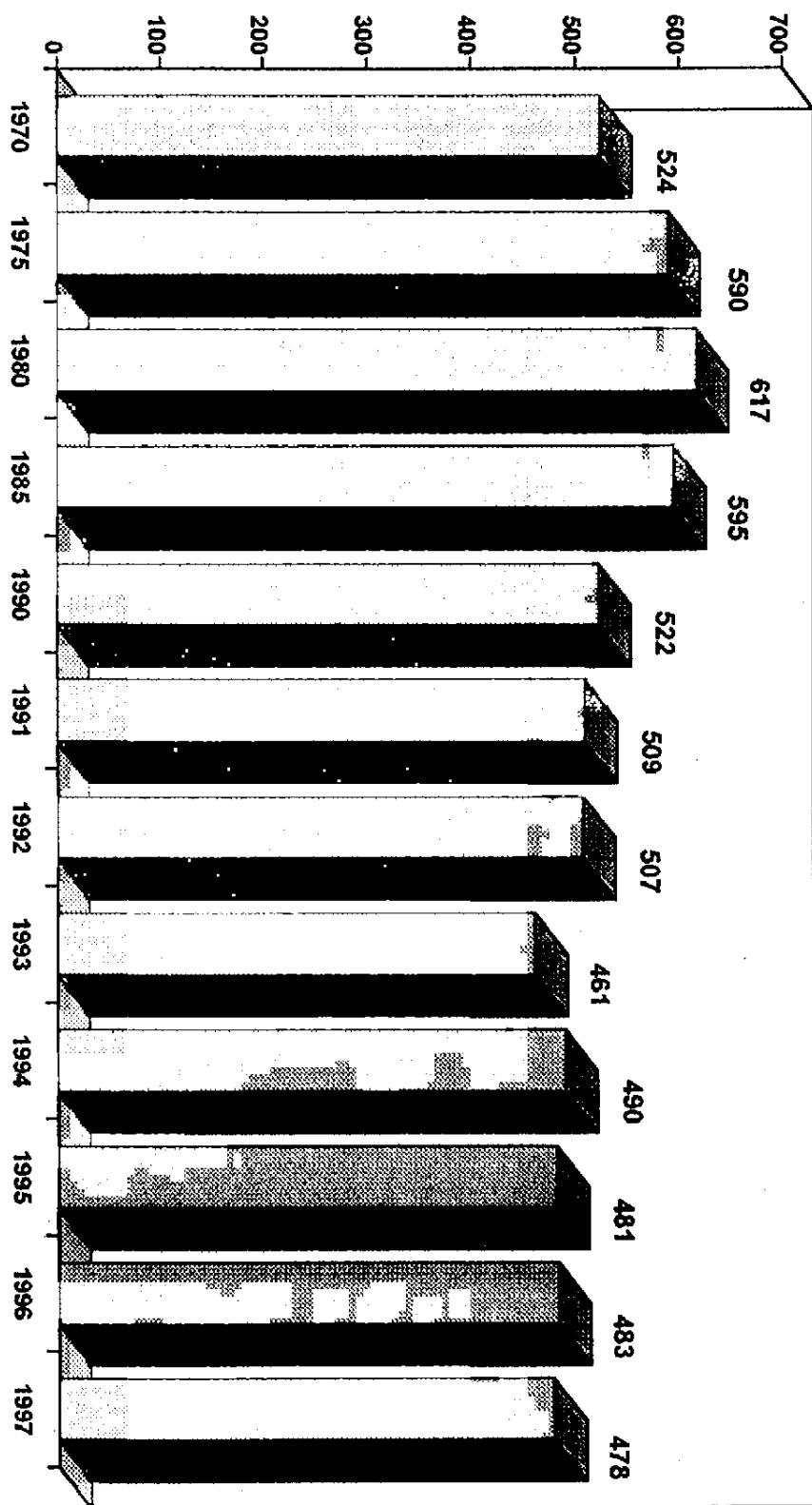
# Pathmark Stores Inc.

## CONFIDENTIALITY

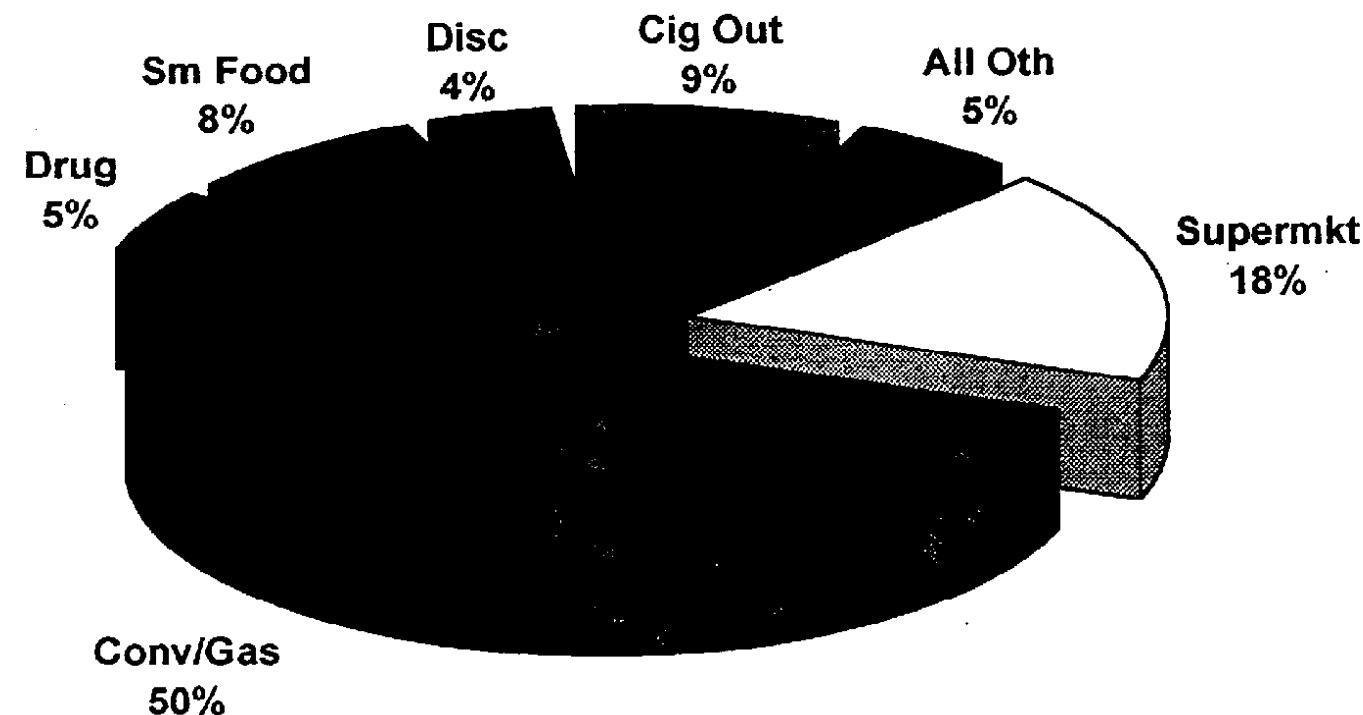
**This confidential report was prepared  
for your exclusive use in concert with  
R. J. Reynolds Tobacco Company.**

## Total U.S.

### Cigarette Industry Volume Billions of Cigarettes - Annually

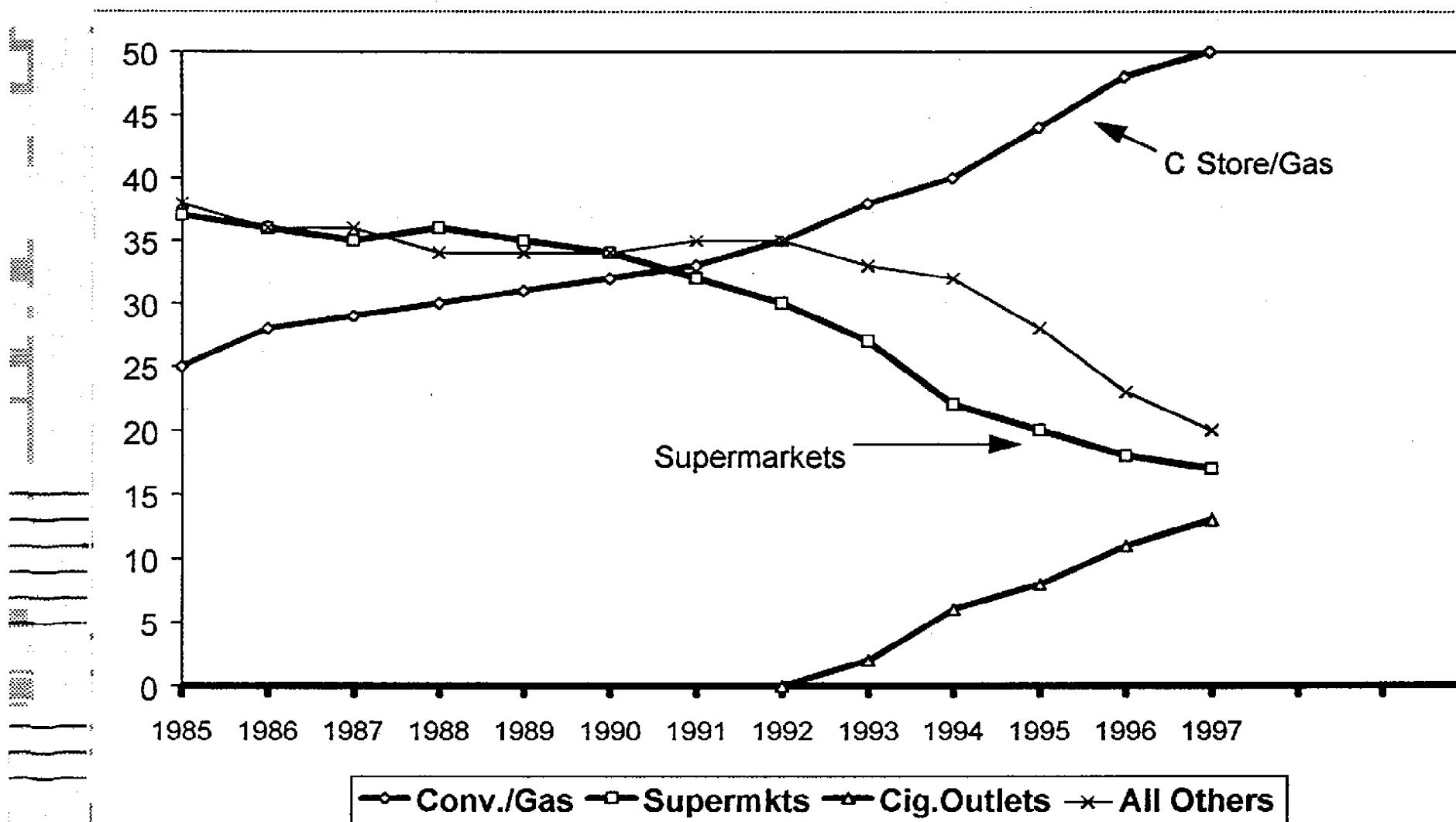


## Cigarette Retail Dollar Sales *Percent of Total U.S. - 1997 \$*

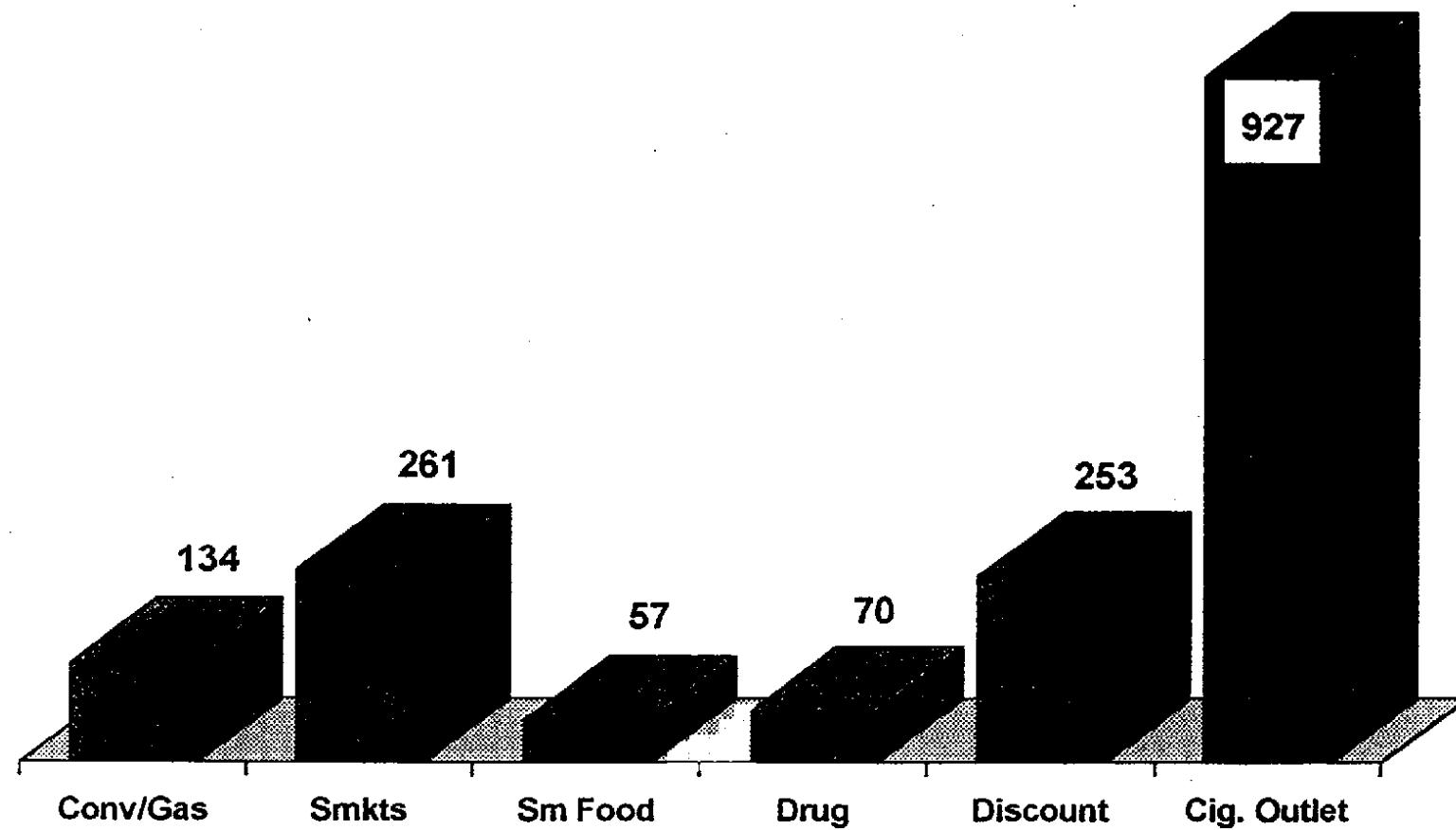


- Cigarettes produce BIG sales dollars for each retail segment.

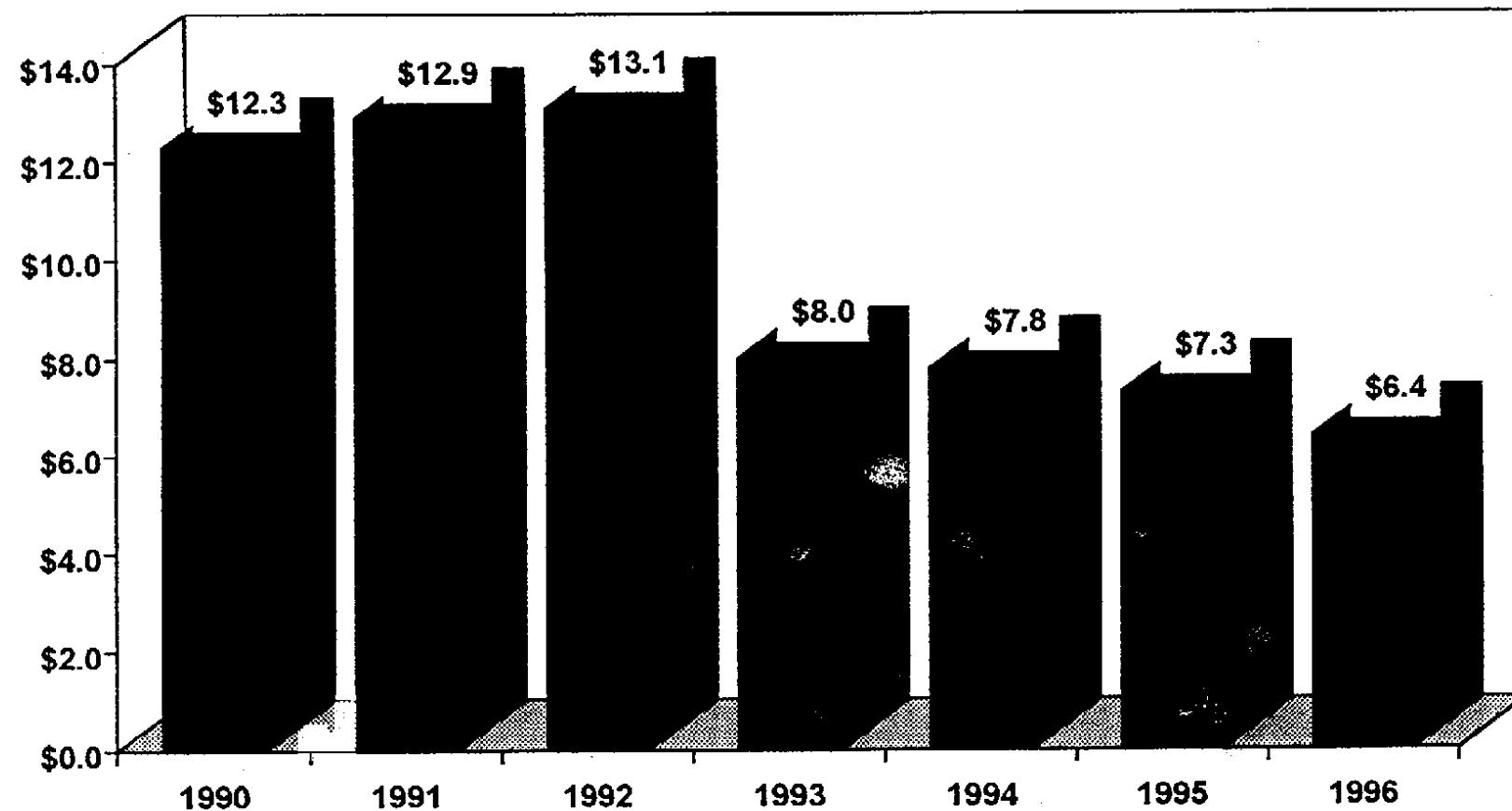
## Total U.S. Share of Cigarette Industry Volume Major Trade Class Trends



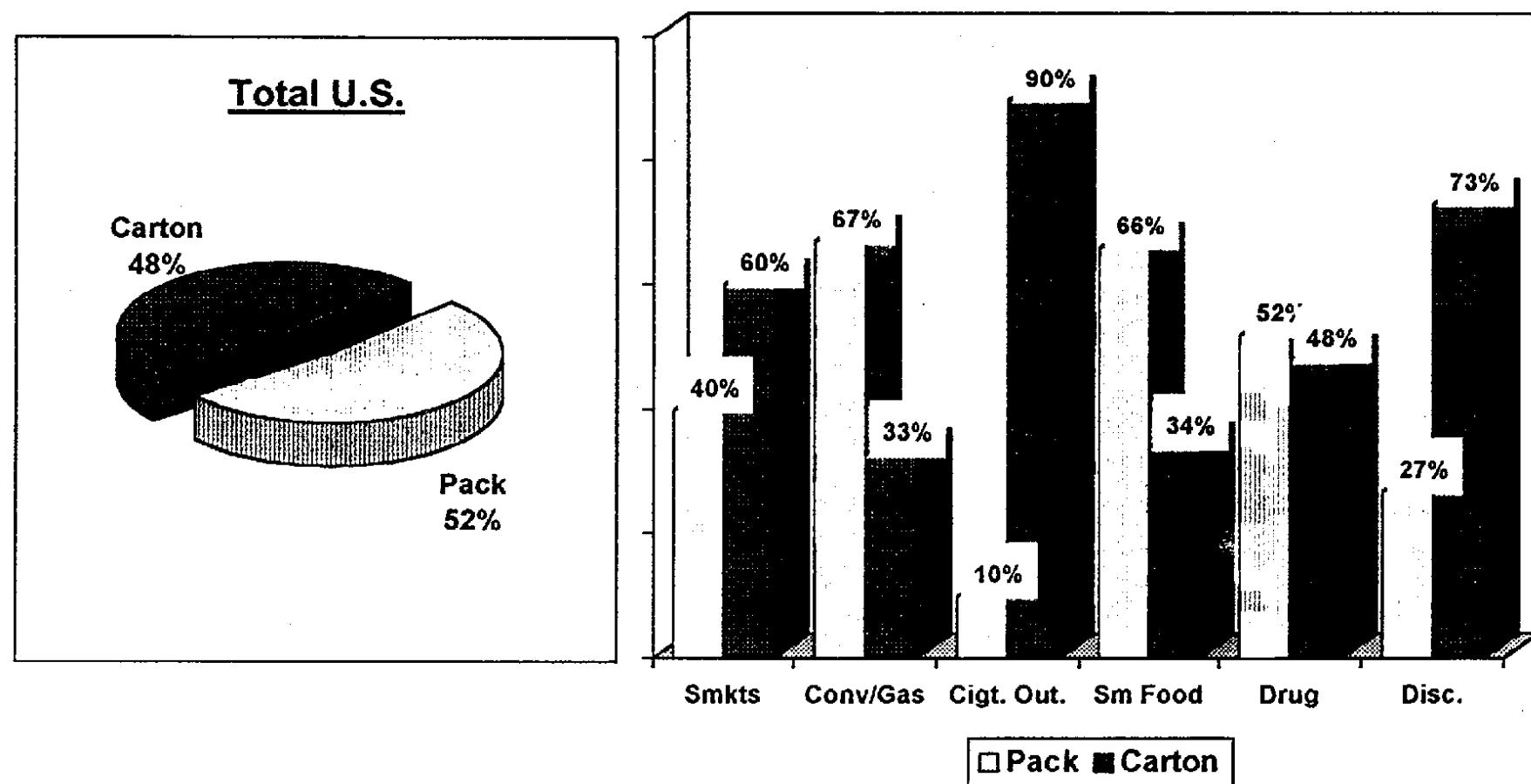
Total U.S. By Major Trade Class - 1997  
*Average Weekly Carton Volume / Per Store*



## Supermarkets Cigarette Retail \$ Sales *Billions of Dollars*

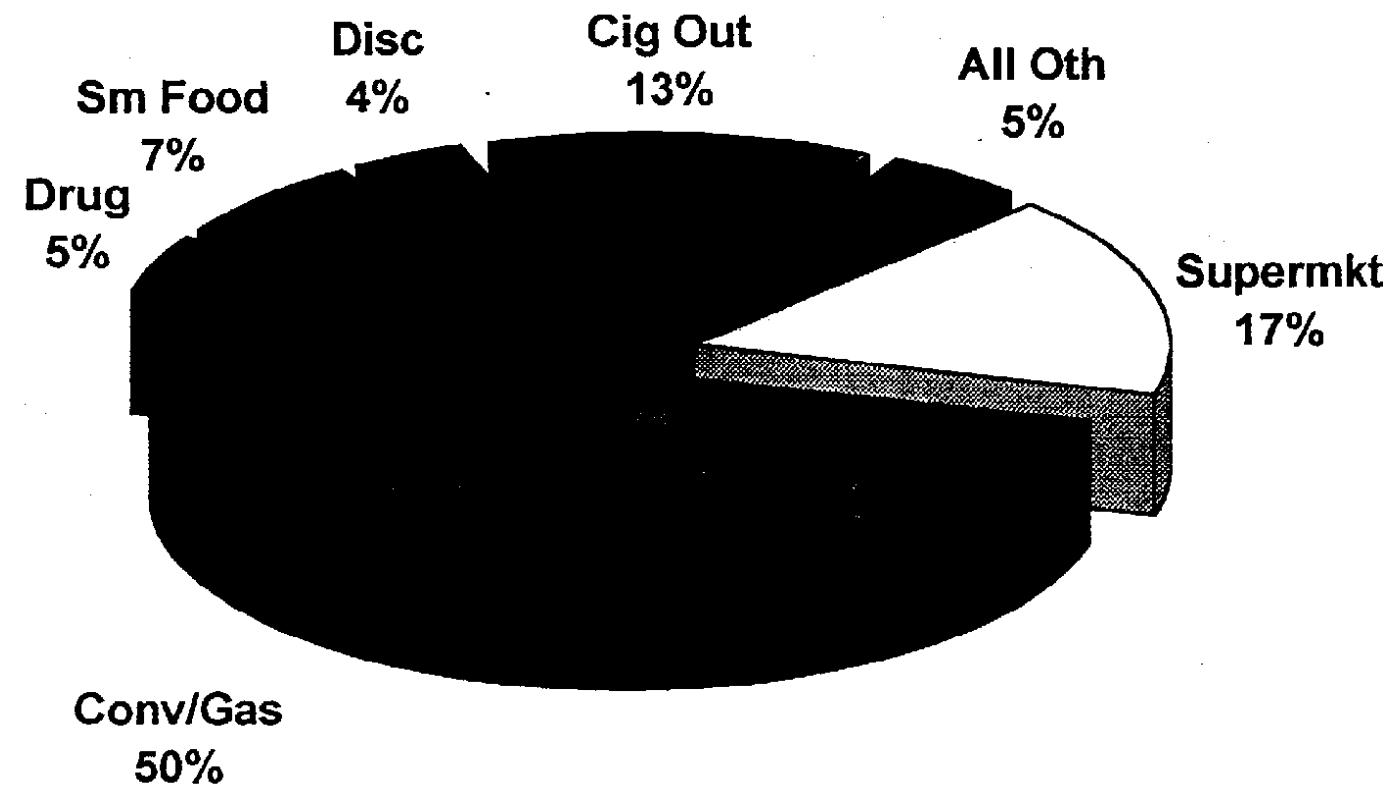


## “How Consumers Purchase” *Pack / Carton Ratio - 1997*

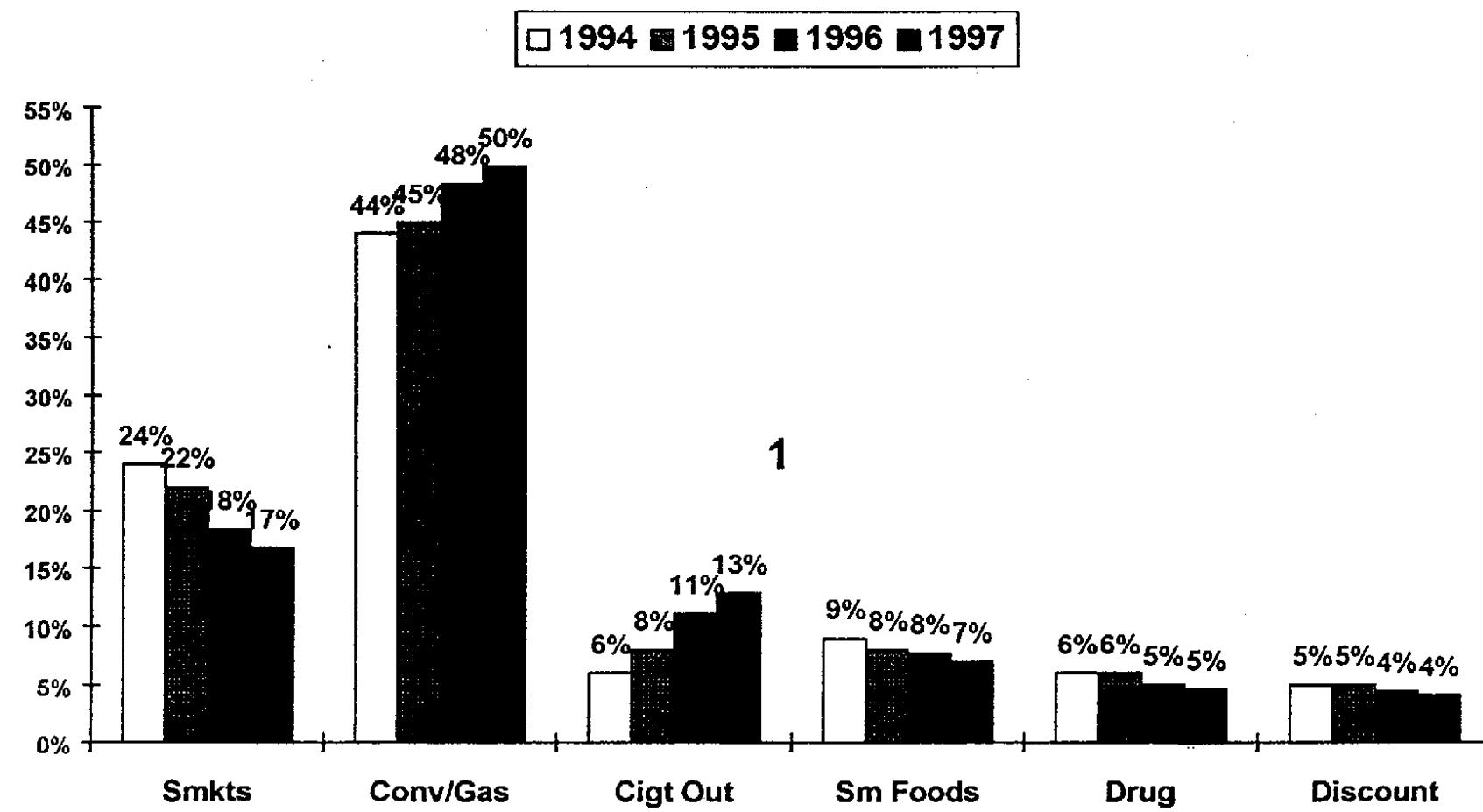


## **"Where Consumers Purchase"**

***Percent of U.S. Volume - 1997***

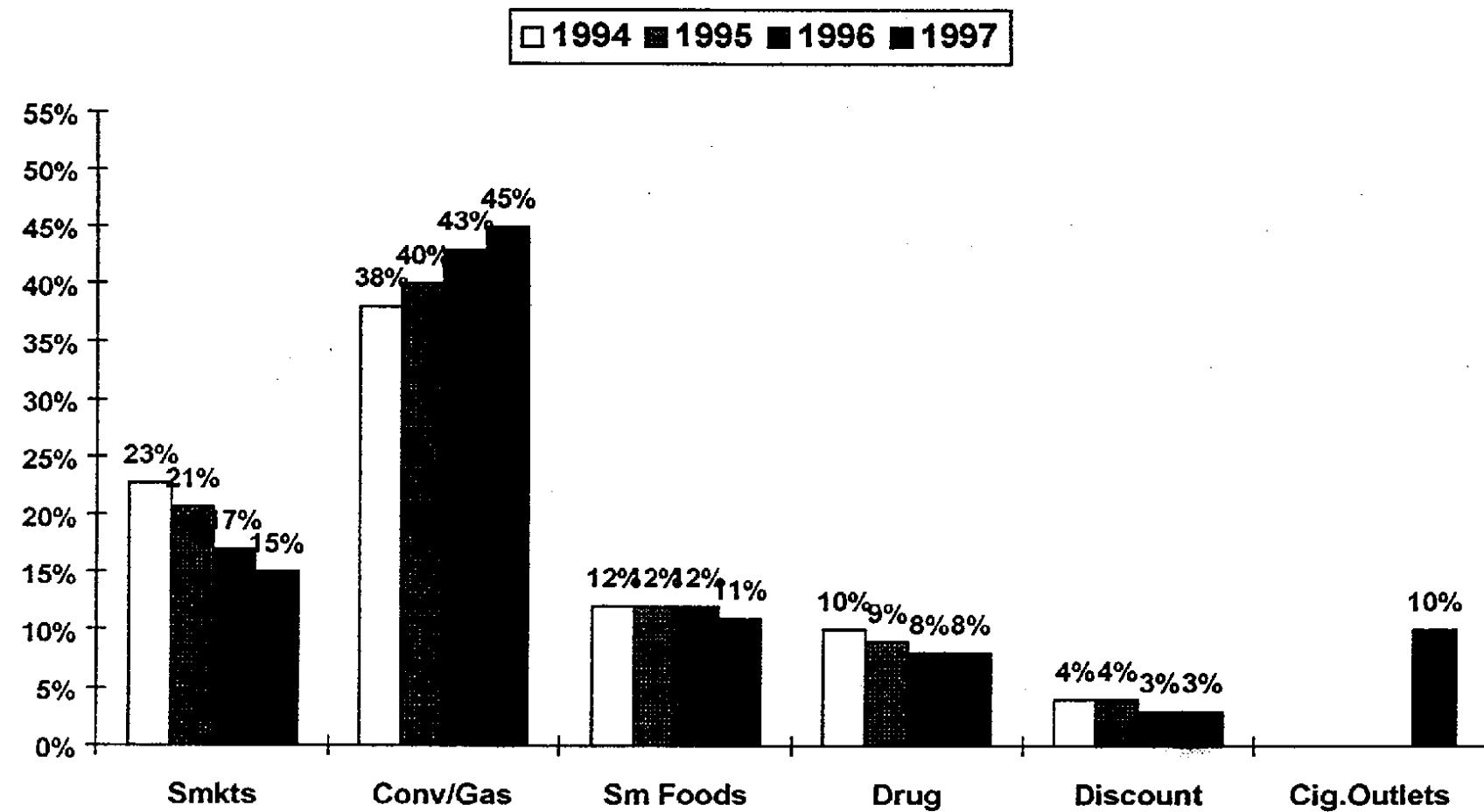


## Total U.S. *Percent Cigarette Volume Trends By Retail Segment*



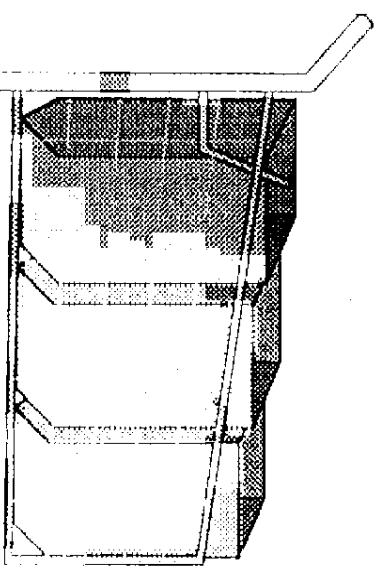
## Northeast U.S.

### *Percent Cigarette Volume Trends By Retail Segment*

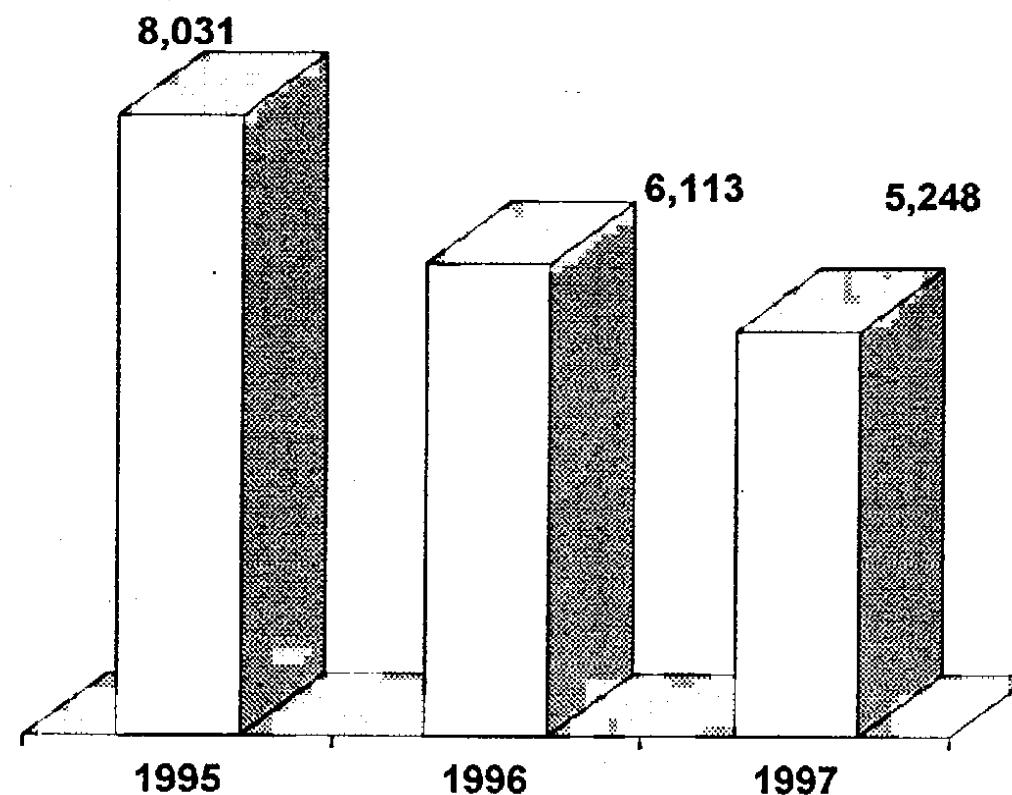


## Supermarket Facts

- Annual supermarket sales of cigarettes are estimated to be at \$6.4 billion for 1997.
- The supermarket share of total U.S. cigarette volume is approximately 18%, and shows a steady decline VS other retail trade segments.
- Cigarettes account for about 3% of total supermarkets all commodity volume, equal to the combined sales of candy/gum, spices/extracts, canned vegetables, dried vegetables, and pickles/olives.
- The average supermarket sells approximately 267 cartons of cigarettes per week.
- 62% of the cigarette volume that moves through supermarkets is in cartons, 38% in packs.
- Supermarkets are highly developed among female smokers, 50+ year-old smokers, carton purchasers, ultra low tar smokers, and 100-120mm smokers.

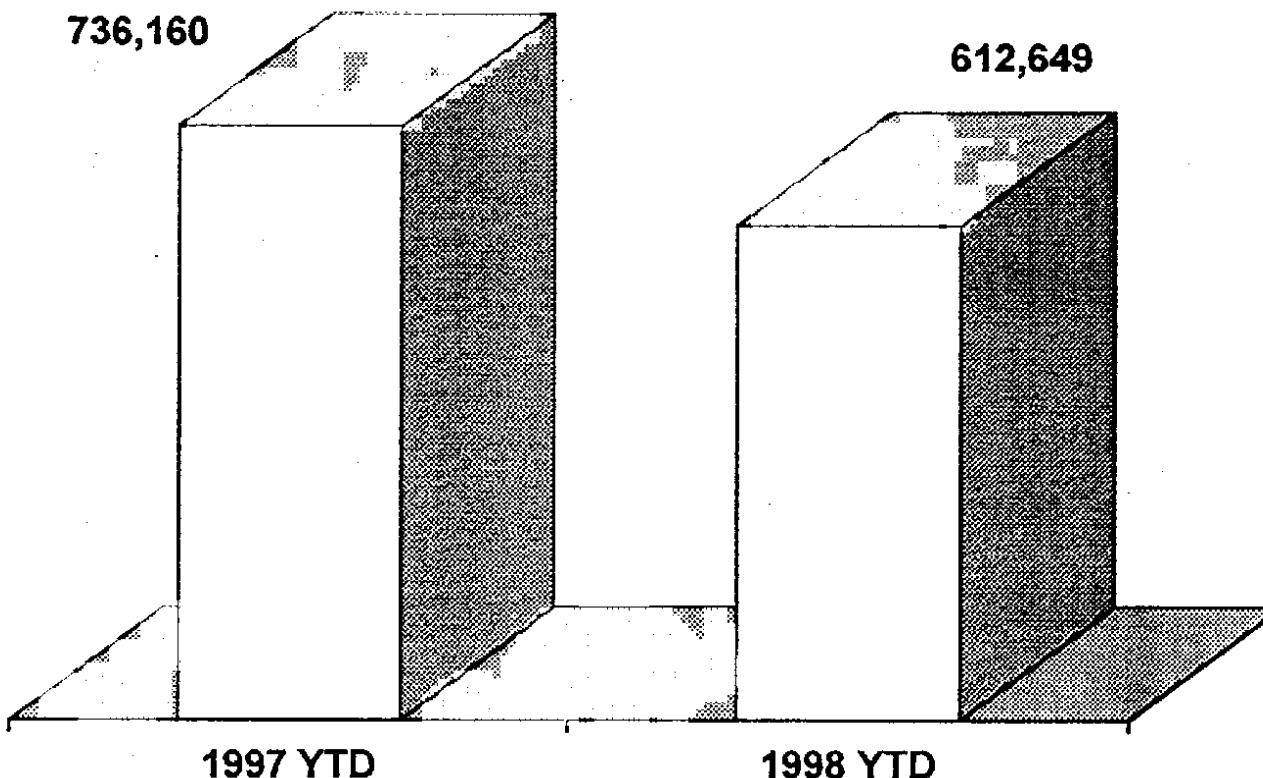


**Plainbridge Inc.**  
**RJR Case Volume 1995-1997**

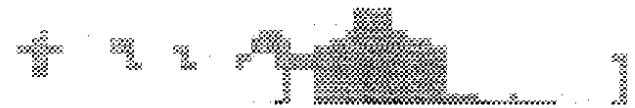


**Plainbridge Inc.**  
**Cigarettes Shipped To Stores**  
**(through 5/10/98)**

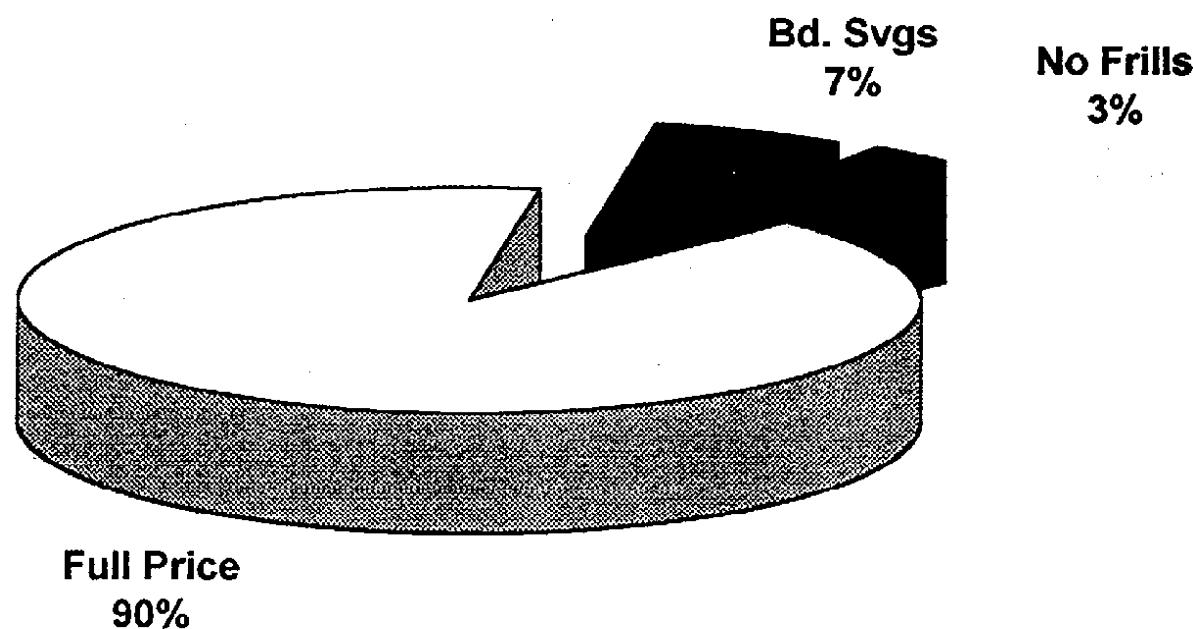
- 16.7%



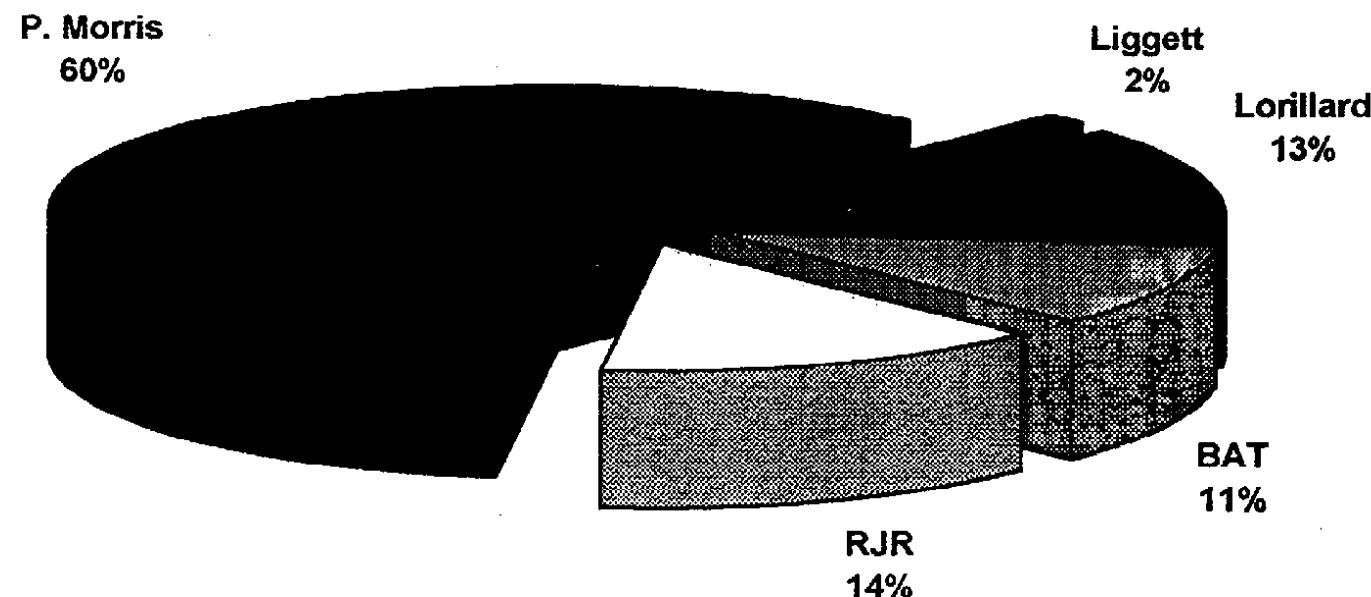
Source: *RJR AIM System*



**Pathmark Stores Inc.**  
**Cigarette Category**  
**Price Segments**



**Pathmark Stores Inc.**  
**Category**  
**Manufacturer Share Of Market**



# Plainbridge Inc.

## 1997 Direct Purchase Programs

Program	Total Earned
<i>Price Increase Differential</i>	\$ 18,190.00
<i>Hand Stamping Allowance</i>	\$ 1,170.00
<i>Wholesale Partners Program</i>	\$ 32,072.00
<i>Standard Anticipation</i>	\$ 125,409.00
<i>Electronic Funds Allowance</i>	\$ 18,661.00
<i>Total Dollars Earned</i>	<b>\$ 178,502.00</b>

# Pathmark Stores Inc.

## Retail Programs

<i>Program</i>	<i>\$ Paid</i>
<i>Coupon Payments</i>	<i>\$ 375,000.00</i>
<i>Electronic Coupon Program</i>	<i>\$ 32,800.00</i>
<i>Retail Partners Contract \$</i>	<i>\$ 60,000.00</i>
<i>Total Retail \$</i>	<i>\$ 467,800</i>